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CONTACT: 202-225-5235

"Establishing Fiscal Priorities for a Stronger America"

By Rep. Allen Boyd

As Congress launches into the 106th Session, one of the hottest debates is on how to spend the budget surplus. This discussion is critical to our nation because this year's budgetary process will either lead Congress on its current course of fiscal discipline or return the federal government to the bad habit of deficit spending.

Many of you have heard me discuss the subject of fiscal responsibility, but I cannot stress enough how important Congress' budgetary decisions are to each and every one of us. The legislative action Congress takes today will impact not only the stability of our economy, but the future of our children. These decisions will determine whether our young people will be burdened by a federal debt and whether they will benefit from the Social Security program our seniors currently enjoy.

In addressing this issue, we must first understand the nature of the projected budget surplus. Congress does not use the standard accounting practices that you and I might use when calculating our household budget for the year. As a result, the federal government's budget surplus is not as straightforward as one might expect.

The majority of the budget surplus, a projected 4.8 trillion dollars over 15 years, is comprised of surpluses in our nation's Social Security Trust Fund. Because the trust fund is figured into annual budgetary calculations, any surplus in the trust fund appears as a net gain for the overall budget, even though that money is already committed to future retirees. As many of you know, the baby boomer workforce has been paying Social Security taxes into the trust fund at a much greater rate than today's senior citizens have been withdrawing from the fund. As a result, a large surplus has developed.

Since the early 1980s, Congress has "borrowed from" the Social Security Trust Fund surplus to pay for additional government spending. This surplus, however, will soon be needed to pay for the baby boomers' retirement. Now that we have cut spending and the economy is strong, Congress' first priority should be to pay back what the government owes to the Social Security Trust Fund.

Many of my colleagues in Congress are willing to commit a portion of the projected surplus to Social Security, but still want to use the remaining funds for across the board tax cuts. I strongly believe the American people would benefit more if the federal government made paying down the federal debt its next priority. Currently the federal debt is 5.6 trillion dollars and interest payments on the debt alone are 12 percent of the total budget. The money that the U.S. pays out each year in interest is money that will never put one police officer on the street, train one new soldier in the field, put one teacher in the classroom, or pave one new road.

Economists all agree that paying down the federal debt will have a positive long term effect on our economy. Every dollar of debt we pay off will free up another dollar which had been

committed to interest payments. By reducing our debt burden we will gain lower interest rates on credit cards, car loans and home loans, and more importantly, we will guarantee that our children will not be saddled with a future of massive federal deficits and record levels of debt. To pass an across the board tax cut at this time would be squandering a golden opportunity. Today the economy is strong, and the nation can afford to pay off some of its lenders; tomorrow's economic forecasts might not be so optimistic, and the federal government will have missed its chance.

Just like any American citizen planning a monthly budget, Congress must establish spending priorities, and these priorities should be set not by politics, or popularity, but by sound fiscal principles. This is not to say we must commit every single surplus dollar only to these two priorities; there will always be other areas of need that Congress must have the flexibility to address. Among other issues, Congress should reevaluate its commitment to our military personnel and to American farmers who are struggling despite our overall economic prosperity. However, today Congress should step up to the plate and establish the right priorities to guide our nation down the path of fiscal responsibility--the path that will strengthen.